

Message Text

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67

ACTION SS-25

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 7202

INFO AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

C O N F I D E N T I A L CAIRO 12710

EXDIS

E.O. 11652: GDS

TAGS: ETRD, EINV, EG

SUBJECT: ARAB BOYCOTT: LATEST ON COCA COLA

REF: CAIRO 9070

1. COCA COLA VP AYOUB, ACCOMPANIED BY SENIOR VP COKE INTERNATIONAL FAIRBARN AND CHARIMAN COKE FOODS DIVISION MIDDLEBROOKS, CALLED ON CHARGE SEPTEMBER 20 WITH STATUS REPORT ON PENDING AGRIBUSINESS PROJECT INVESTMENT. AYOUB REMAINS OPTIMISTIC. HE SAID PROPOSAL (MINUS JUICE PROCESSING PLANT, WHICH COCA COLA HAS DECIDED IS UNECONOMIC) IS NOW BEING CONSIDERED BY INTERMINISTERIAL SUBCOMMITTEE. HE AND COLLEAGUES WILL BE MEETING WITH SUBCOMMITTEE REST OF THIS WEEK. POSITIVE DECISION IS EXPECTED FOLLOWING WHICH FULL AGRIBUSINESS INVESTMENT COMMITTEE HEADED BY MINHOUSING AND RECONSTRUCTION OSMAN WILL APPROVE PROJECT. ACCORDING AYOUB, PRESIDENT SADAT IS IN AGREEMENT DESPITE BOYCOTT IMPLICATIONS. MINECON INVESTMENT AUTHORITY IS NOT INVOLVED AND PEOPLES' ASSEMBLY DOES NOT HAVE TO CONCUR.

2. AYOUB NOTED, HOWEVER, THAT COCA COLA DOES NOT EXPECT TO RECEIVE WORD OF APPROVAL UNTIL NOVEMBER, AFTER ARAB SUMMIT MID-OCTOBER AND REPORTED MEETING OF BOYCOTT COMMITTEE END OF OCTOBER IN KUWAIT. FOR THIS REASON, AYOUB AND OTHER COKE
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EXECUTIVES WILL RETURN TO ATLANTA AROUND SEPTEMBER 25, NOT

WAITING FOR FORMAL GOE DECISION.

3. ONE CONDITION OF COKE AGRIBUSINESS INVESTMENT, ACCORDING AYOUB, IS ESTABLISHMENT OF BOTTLING OPERATIONS IN EGYPT. VP FAIRBARN IS BEING ASSIGNED TO CAIRO, AFTER RENOVATION OF LIVING QUARTERS, TO FOLLOW UP ON THIS ASPECT OF INITIATIVE.

4. AYOUB ALSO ALLUDED TO "REPORTS" HE HAD HEARD TO EFFECT EMBASSY WAS "PUSHING" FORD PROJECT WITH GOE AND LETTING COCA COLA DROP. CHARGE FLATLY DENIED ANY SUCH ALLEGATION AND POINTED OUT AMBASSADOR EILTS HAD ACTIVELY INTERVENED WITH GOE ON BOTH PROJECTS TO EXTENT THIS APPEARED USEFUL. EMBASSY HAD SHOWN NO FAVORITISM AND HOPED BOTH PROJECTS, AS WELL AS OTHERS, WOULD BE SUCCESSFUL. AYOUB INDICATED HE HAD NOT BELIEVED THESE "REPORTS".

5. COMMENT. WE HAVE NOT REASON TO DOUBT AYOUB ACCURATELY REFLECTS IMPRESSION HE HAS GAINED, PRIMARILY FROM OSMAN, OF CHANCES FOR INVESTMENT PROJECT WITHIN SEGMENT OF GOE WITH WHICH HE HAS NEGOTIATED PROPOSAL. IMPLICATIONS OF UNILATERAL EGYPTIAN DECISION IN EFFECT TO IGNORE BOYCOTT OF SUCH HIGHLY VISIBLE INTERNATIONAL CORPORATION ARE, OF COURSE, FAR-REACHING AND COMPLEX, HOWEVER.

WE WONDER IF THIS MAY NOT BE CASE OF EXCESSIVE ZEAL ON PART OF OSMAN. ENERGETIC AND BASICALLY NONPOLITICAL MINHOUSING HAS SPECIAL BRIEF FROM PRESIDENT TO GENERATE AGRIBUSINESS INVESTMENT, BUT SECOND THOUGHTS ON DESIRABILITY OF THIS PARTICULAR PROJECT COULD WELL YET OCCUR TO POLITICALLY-ATTUNED POLITICAL LEADERSHIP. IT STRIKES US THAT IT WOULD BE PARTICULARLY DIFFICULT FOR GOE TO TAKE UNILATERAL DECISION TO IGNORE BOYCOT OF COCA COLA IN WAKE OF NEW LEGISLATION BY CONGRESS ATTACKING BOYCOTT AND ITS ATTENDANT PUBLIC FOCUS ON BOYCOTT.

MATTHEWS

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